

The U.S.-China Economic and Security Review Commission was created by Congress to report on the national security implications of the bilateral trade and economic relationship between the United States and the People's Republic of China. For more information, visit www.uscc.gov.

Today, the U.S.-China Economic and Security Review Commission releases its 2010 Report to Congress. The Commission's Chairman and Vice Chairman discuss the Commission's findings and recommendations.

In his opening statement, Commission Chairman Dan Slane said "The 2010 Annual Report reflects the Commission's conclusions that China has failed in some notable areas to fulfill the promises it made nine years ago when it joined the World Trade Organization. Specifically, China is adopting a highly discriminatory policy of favoring domestic producers over foreign manufacturers. Under the guise of fostering "indigenous innovation" in its economy, the government of China appears determined to exclude foreigners from bidding on government contracts at the central, provincial, and local levels. In addition, China has proposed that its many state-owned corporations be exempt from WTO rules on procurement. The Chinese government quite simply intends to wall off a majority of its economy from international competition."

In her opening statement, Vice Chairman Carolyn Bartholomew commented on China's military modernization, saying "As a result of China's improved offensive air and missile capabilities, the Chinese military has strengthened its capacity to threaten U.S. forces and bases in the region. Currently, China's conventional missile capabilities alone may be sufficient to temporarily knock out five of the six U.S. air bases in East Asia. Saturation missile strikes could destroy U.S. air defenses, runways, parked aircraft, and fuel and maintenance facilities. Complicating this scenario is the future deployment of China's anti-ship ballistic missile, which could hold U.S. aircraft carriers at bay outside their normal operating range."

Among the topics in the 316-page report:

Economics and Trade Issues:

- China's 'indigenous innovation' policy to promote favored industries and limit imports.
- China's currency manipulation and its effects on the United States.
- China's purchases of U.S. Treasury securities and the implications for the United States.
- China's measures to restrict rare earth element exports.
- China's past and future role in the World Trade Organization.

National Defense Issues:

- China's growing air and missile capabilities, and the increasing capacity to strike U.S. bases and allies in the region.
- China's improving commercial aviation manufacturing capabilities, and the spillover benefits for China's defense aviation industry.
- The increasingly sophisticated nature of malicious computer activity associated with China.

Foreign Affairs Issues:

- China's increasing political, economic, energy and security interactions with Southeast Asia, and the implications for U.S. interests in the region.
- Recent developments in the China-Taiwan relationship, and implications for the United States.

Energy and Environmental Issues:

- China's efforts to promote green energy in order to increase its energy security, prevent environmental degradation, and develop a globally competitive green energy industry.
- Ohio's response to China's promotion of its alternative energy industries.

Censorship Issues:

- How China's revised state secrets laws may conflict with U.S. disclosure requirements and put U.S. investments in Chinese firms at risk.

For more information and a copy of the 2010 Report, please visit www.uscc.gov

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